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Reagan Seeks to Head Off Efforts to Cut Rebel Aid

By Lou Cannon and David Hoffman Washington Post Staff Writers

President Reagan, trying to take the political offensive in what aides acknowledge as the most serious crisis of his presidency, said yesterday that the Iran-arms and contrafunds scandal should not become an excuse for cutting off U.S. aid to "freedom fighters" around the world.

"We cannot let recent events distract us from the cause of those brave freedom fighters around the world," Reagan said in a speech to a group of female entrepreneurs. "Nothing that's happened makes those causes less just or less important for what we fight for."

Reagan's attempt to head off what his strategists believe will be a likely Democratic attempt to reduce or cut off aid to the guerrillas fighting the Nicaraguan government came on a day when an ABC News poll showed further erosion in his public support.

Republican congressional leaders met with Reagan for the second consecutive day and emerged from the White House with their most positive statements about his recent actions to repair damage to his presidency.

In private, however, they questioned him bluntly about a secret Central Intelligence Agency fund

supported by the U.S. and Saudi governments to aid rebels fighting Soviet troops in Afghanistan. The president did not contest the fund's existence and said he knew nothing about purported diversions of proceeds from Iran arms sales into this fund to buy military equipment for the contras, according to sources familiar with the discussion.

Majority Leader Robert J. Dole (R-Kan.) said after the meeting that he thought "this president is speaking the truth... and he's trying to be helpful—no cover-up, no analogy to Watergate or anything else—and that's why I believe the numbers are going to start coming back up for Ronald Reagan."

An official familiar with surveys by presidential pollster Richard B. Wirthlin said the steep slide in Reagan's approval rating appeared to have stablilized since he called Tuesday for appointment of an independent counsel to investigate the scandal.

However, an ABC poll Tuesday night showed that his approval rating had declined from 53 percent to 49 percent during the last week and that those who trust him to make the right decision in foreign affairs had declined 3 percentage points to 54 percent.

While the poll showed a 91 percent endorsement of appointing an independent counsel, those surveyed were evenly divided on whether the inquiry would bring out all the facts. Fifty-three percent said Reagan was not doing as much as he could to bring out the facts.

Dole told reporters that "there are lots of loose ends" involved in the crisis and that Reagan understands that there will be further disclosures. Asked how the scandal would affect the Republican Party, Dole said wryly, "If you went out and hired a PR firm, you wouldn't recommend this action."

Dole and House Minority Leader Robert H. Michel (R-III.) said they thought it unlikely that Reagan would fire his embattled chief of staff, Donald T. Regan. Michel has called for Regan's replacement.

First Lady Nancy Reagan denied yesterday that she had urged the president to fire Regan and Secretary of State George P. Shultz. "I think that's up to my husband; it has nothing to do with me whatsoever," she told reporters at the White House Christmas tree ceremony.

"I've made no recommendations at all," she added.

Other sources said the first lady is upset about the arms-sales controversy and has expressed displeasure with Regan. White House officials said, however, that she is not pressuring the president to fire him

and that Regan is determined to remain on the job, at least for the near future.

Presidential spokesman Larry Speakes said the president's new national security adviser, Frank C. Carlucci, will have direct access to the president. However, Speakes said that when Carlucci met with Reagan Monday to discuss the job, Regan accompanied Carlucci into the Oval Office.

In support of Reagan's speech yesterday, administration officials appeared to open a campaign to save the contra-aid program by separating the need for it from probes into diversion of Iranian arms sales proceeds to help the contras.

Elliott Abrams, assistant secretary of state for inter-American affairs, said in an interview that factors that led Congress to support the aid last June have not changed and that the contras "are not to blame for anything wrong that was done" and should not be penalized.